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BEFORE THE ARIZONA CORPORATION COM
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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE COMPANY
FOR AN EMERGENCY INTERIM RATE
INCREASE AND FOR AN INTERIM
AMENDMENT TO DECISION NO. 67744

DOCKET NO. E-01345A-06-0009

**NOTICE OF FILING
STAFF'S LATE-FILED EXHIBIT**

Arizona Corporation Commission Staff ("Staff") hereby submits its late-filed Exhibit S-11. Exhibit S-11 is essentially an update to Exhibit S-8. Only the first page of Exhibit S-11 is different from Exhibit S-8. The following five revisions have been made:

1. The Annual Adjustor Account balance under the 0.010 bandwidth has been revised.
2. The increases in revenues under all of the bandwidths have been adjusted for taxes.
3. Revised numbers were used for Funds From Operations and Debt as the starting point under the 0.004 bandwidth.
4. The revised revenue figures have been used to calculate new figures for FFO.
5. The revised FFO figures were used to calculate new FFO to Debt ratios and Net Cash Flow numbers.

Staff believes that these revisions meet the requirement to recalculate the FFO and provide a revised Exhibit S-8. Essentially both requests were dealt with in the attached Exhibit S-11. Tr. at

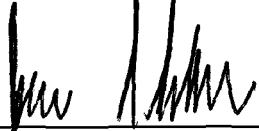
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3 RESPECTFULLY SUBMITTED this 7th day of April, 2006.

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12 Original and 13 copies of the foregoing filed
13 This 7th day of April, 2006 with:

14 Docket Control
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18 Copy of the foregoing mailed this
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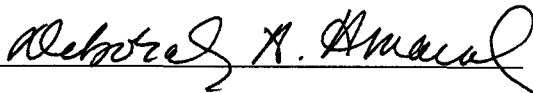
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	Bandwidths (changed in May 2006)							
	<u>0.004</u>	<u>0.005</u>	<u>0.006</u>	<u>0.007</u>	<u>0.008</u>	<u>0.009</u>	<u>0.010</u>	
<u>Dec. 31, 2006 Balance</u>								
Annual Tracking Account	\$247,558,521	\$247,558,521	\$247,558,521	\$247,558,521	\$247,558,521	\$247,558,521	\$247,558,521	
Annual Adjustor Account	\$11,319,274	-\$8,656,063	-\$28,631,403	-\$48,606,740	-\$68,582,077	-\$88,557,416	-\$108,532,755	
Paragraph 19(d) Balancing Account	<u>\$62,305,837</u>	<u>\$62,305,837</u>	<u>\$62,305,837</u>	<u>\$62,305,837</u>	<u>\$62,305,837</u>	<u>\$62,305,837</u>	<u>\$62,305,837</u>	
Total Dec. 2006 under-collected amount	\$321,183,632	\$301,208,295	\$281,232,955	\$261,257,618	\$241,282,281	\$221,306,942	\$201,331,603	

	0.004	0.005	0.006	0.007	0.008	0.009	0.010
Bandwidths (changed in May 2006)							
Dec. '06 Balance in Annual Adjustor Account	\$11,319,274						
Decrease in Balance compared to "0.004"	\$0						
(increase in revenues)							
less 39.05% for taxes							
	\$12,174,968	\$24,349,938	\$36,524,906	\$48,699,873	\$60,874,843	\$86,295,700	
		-\$8,666,063	-\$28,631,403	-\$48,606,740	-\$68,582,077	-\$88,557,416	-\$130,265,140
		\$19,975,337	\$39,950,677	\$59,926,014	\$79,901,351	\$99,876,690	\$141,584,414

	Bandwidths (changed in May 2006)									
	0.004	0.005	0.006	0.007	0.008	0.009	0.010			
Funds from Operations	\$520,200,000	\$532,374,968	\$544,549,938	\$556,724,906	\$568,899,873	\$581,074,843	\$606,495,700			
Debt	\$3,261,800,000	\$3,259,115,000	\$3,259,115,000	\$3,259,115,000	\$3,259,115,000	\$3,259,115,000	\$3,259,115,000			
Ratio	15.9%	16.3%	16.7%	17.1%	17.5%	17.8%	18.6%			

	0.004	0.005	0.006	0.007	0.008	0.009	0.010
Funds from Operations	\$520,200,000	\$532,374,968	\$544,549,938	\$556,724,906	\$568,899,873	\$581,074,843	\$606,495,700
less Common Dividends	\$170,000,000	\$170,000,000	\$170,000,000	\$170,000,000	\$170,000,000	\$170,000,000	\$170,000,000
Net Cash Flow	\$350,200,000	\$362,374,968	\$374,549,938	\$386,724,906	\$398,899,873	\$411,074,843	\$436,495,700

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1
Annual Tracking Account
Year 2006

Line No. Month	(a) Retail ¹ Energy Sales (kWh)	(b) Wholesale ² Native Load Energy Sales (kWh)	(c) Total Native Load Energy Sales (kWh)	(d) System ³ Book Fuel and Purchased Power Costs	(e) System Book ⁴ Off-System Sales Revenue	(f) Net Native Load Power Supply Costs	(g) Retail ⁵ Power Supply Costs	(h) Base Rate Power Supply Revenue (a * 0.020743)	(i) Pre-90/10 Sharing (Over)/Under Collection	(j) Post-90/10 Sharing (Over)/Under Collection	(k) Interest (l * 0.9) (l * rate/12)	(l) Tracking Account Balance (j+k+)
1 Jan.	1,973,106,000	59,892,000	2,032,998,000	\$ 50,733,000	\$ 5,474,000	\$ 45,259,000	\$ 43,925,673	\$ 40,928,138	\$ 2,997,535	\$ 2,697,782	\$ 9,847	\$ 2,697,782
2 Feb.	1,717,598,000	64,909,000	1,782,507,000	\$ 45,695,000	\$ 4,245,000	\$ 41,450,000	\$ 39,940,621	\$ 35,628,135	\$ 4,312,486	\$ 3,881,237	\$ 9,847	\$ 6,588,866
3 Mar.	1,853,941,184	74,143,473	1,928,084,657	-	-	\$ 49,832,000	\$ 47,915,737	\$ 38,456,302	\$ 9,459,435	\$ 8,513,492	\$ 24,049	\$ 15,126,407
4 Apr.	1,879,071,188	64,757,510	1,943,828,698	-	-	\$ 57,034,000	\$ 55,133,946	\$ 38,977,574	\$ 16,156,372	\$ 14,540,735	\$ 55,211	\$ 29,722,354
5 May	2,362,657,190	78,278,437	2,440,935,627	-	-	\$ 71,065,000	\$ 68,786,014	\$ 49,008,598	\$ 19,777,416	\$ 17,799,674	\$ 108,487	\$ 47,630,514
6 Jun.	2,731,973,935	81,579,064	2,813,552,999	-	-	\$ 101,288,000	\$ 98,351,151	\$ 56,669,335	\$ 41,681,816	\$ 37,513,634	\$ 173,851	\$ 85,318,000
7 Jul.	3,185,558,761	94,759,550	3,280,318,311	-	-	\$ 134,546,000	\$ 130,659,329	\$ 66,078,045	\$ 64,581,284	\$ 58,123,156	\$ 311,411	\$ 143,752,566
8 Aug.	3,143,508,084	79,169,639	3,222,697,723	-	-	\$ 132,076,000	\$ 128,830,567	\$ 65,205,788	\$ 63,624,779	\$ 57,262,301	\$ 524,697	\$ 201,539,564
9 Sep.	2,603,844,092	69,795,736	2,673,639,828	-	-	\$ 91,499,000	\$ 89,110,406	\$ 54,011,538	\$ 35,098,868	\$ 31,588,961	\$ 735,619	\$ 233,864,165
10 Oct.	2,128,551,695	63,607,186	2,192,158,881	-	-	\$ 59,213,000	\$ 57,494,889	\$ 44,152,548	\$ 13,342,341	\$ 12,008,107	\$ 853,604	\$ 246,725,876
11 Nov.	1,895,523,759	79,817,225	1,975,340,984	-	-	\$ 38,337,000	\$ 36,787,924	\$ 39,318,849	\$ (2,530,925)	\$ (2,277,833)	\$ 900,549	\$ 245,348,592
12 Dec.	2,171,928,096	64,165,636	2,236,093,732	-	-	\$ 46,857,000	\$ 45,512,419	\$ 45,052,304	\$ 460,115	\$ 414,104	\$ 895,522	\$ 246,658,219
12.5 Total	27,647,261,984	874,894,456	28,522,156,440	\$ 96,428,000	\$ 9,719,000	\$ 868,456,000	\$ 842,448,676	\$ 573,487,154	\$ 268,961,522	\$ 242,065,370	\$ 5,493,151	\$ 247,558,521
14	interest rate ⁶ =	4.38%										

- ¹ Retail energy sales under rate schedule E-36 were excluded.
- ² Includes traditional sales-for-resale and PacifiCorp supplemental sales.
- ³ Includes native load and off-system fuel and purchased power costs less those costs associated with E-36, ISFSI and mark-to-market accounting adjustments.
- ⁴ Excludes net savings associated with the Sundance units and broker fees.
- ⁵ Includes off-system revenue less mark-to-market accounting adjustments.
- ⁶ The maximum annual amount that can be used for the PSA calculation is \$776,200,000. However, Decision No. 68437 allows deferral of costs in excess of the cap until this issue has been further examined in Docket No. E-01345A-06-0009.
- ⁷ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4
Paragraph 19(d) Balancing Account
Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 Beginning Balance	\$59,858,187	\$60,076,669	\$60,295,949	\$60,516,029	\$60,736,913	\$60,958,603	\$61,181,102	\$61,404,413	\$61,628,539	\$61,853,483	\$62,079,248	\$62,305,837
2 Less: Approved Balance for Surcharge (if any)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3 Monthly Interest (line 1 * (4.38%/12)) ¹	\$ 218,482	\$ 219,280	\$ 220,080	\$ 220,884	\$ 221,690	\$ 222,499	\$ 223,311	\$ 224,126	\$ 224,944	\$ 225,765	\$ 226,589	\$ 227,416
4 Ending Balance with Interest (line 1 - line 2 + line 3)	\$60,076,669	\$60,295,949	\$60,516,029	\$60,736,913	\$60,958,603	\$61,181,102	\$61,404,413	\$61,628,539	\$61,853,483	\$62,079,248	\$62,305,837	\$62,533,253

¹ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3
Annual Adjustor Account
Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000
2 Retail Energy Sales ¹ (KWh)	1,936,737,000	1,836,348,000	1,788,435,000	1,985,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,965,969,000	2,017,608,000	2,133,624,000
3 Beginning Balance	\$ 109,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 80,981,704	\$ 71,316,767	\$ 59,598,865	\$ 47,803,329	\$ 36,387,779	\$ 27,084,210	\$ 19,319,191	\$ 11,319,274
3.5 Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 7,941,896	\$ 9,960,520	\$ 11,976,208	\$ 12,013,072	\$ 11,590,032	\$ 9,436,384	\$ 7,863,876	\$ 8,070,432	\$ 8,534,496
5 Monthly Interest (line 3 ± line 3.5) * (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 295,583	\$ 260,306	\$ 217,536	\$ 174,482	\$ 132,815	\$ 98,857	\$ 70,515	\$ 41,315
6 Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 80,981,704	\$ 71,316,767	\$ 59,598,865	\$ 47,803,329	\$ 36,387,779	\$ 27,084,210	\$ 19,319,191	\$ 11,319,274	\$ 2,826,093

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3
Annual Adjustor Account
Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1	PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.005000	\$ 0.005000	\$ 0.005000	\$ 0.005000	\$ 0.005000	\$ 0.005000	\$ 0.005000	\$ 0.005000
2	Retail Energy Sales ¹ (KWh)	1,936,737,000	1,836,348,000	1,788,435,000	1,985,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,965,969,000	2,017,608,000
3	Beginning Balance	\$ 109,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 78,996,230	\$ 66,833,916	\$ 52,105,100	\$ 37,278,944	\$ 22,927,472	\$ 11,215,677	\$ 1,426,769
3.5	Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 9,927,370	\$ 12,450,650	\$ 14,972,760	\$ 15,016,340	\$ 14,487,540	\$ 11,795,480	\$ 9,829,845	\$ 10,088,040
5	Monthly Interest (line 3 ± line 3.5) ³ (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 288,336	\$ 243,944	\$ 190,184	\$ 136,068	\$ 83,685	\$ 40,937	\$ 5,208
6	Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 78,996,230	\$ 66,833,916	\$ 52,105,100	\$ 37,278,944	\$ 22,927,472	\$ 11,215,677	\$ 1,426,769	\$ (8,656,063)

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3
Annual Adjustor Account
Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000
2 Retail Energy Sales ¹ (kWh)	1,936,737,000	1,836,348,000	1,788,435,000	1,985,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,955,959,000	2,017,606,000	2,133,624,000
3 Beginning Balance	\$ 109,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 77,010,756	\$ 62,351,065	\$ 44,611,334	\$ 26,754,557	\$ 9,467,163	\$ (4,652,858)	\$ (16,465,655)	\$ (28,631,403)
3.5 Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 11,912,844	\$ 14,940,780	\$ 17,967,312	\$ 18,019,608	\$ 17,385,048	\$ 14,154,576	\$ 11,795,814	\$ 12,105,648	\$ 12,801,744
5 Monthly Interest (line 3 ± line 3.5) ³ (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 281,089	\$ 227,581	\$ 162,831	\$ 97,654	\$ 34,555	\$ (16,983)	\$ (60,100)	\$ (104,505)
6 Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 77,010,756	\$ 62,351,065	\$ 44,611,334	\$ 26,754,557	\$ 9,467,163	\$ (4,652,858)	\$ (16,465,655)	\$ (28,631,403)	\$ (41,537,652)

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3
Annual Adjustor Account
Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000	\$ 0.007000
2 Retail Energy Sales ¹ (kWh)	1,936,737,000	1,836,348,000	1,788,435,000	1,985,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,965,989,000	2,017,608,000	2,133,624,000
3 Beginning Balance	\$ 109,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 75,025,282	\$ 57,868,214	\$ 37,117,569	\$ 16,230,172	\$ (3,993,144)	\$ (20,521,391)	\$ (34,358,077)	\$ (48,606,740)
3.5 Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 13,898,318	\$ 17,430,910	\$ 20,961,864	\$ 21,022,876	\$ 20,282,556	\$ 16,513,672	\$ 13,761,783	\$ 14,123,256	\$ 14,935,368
5 Monthly Interest (line 3 ± line 3.5) ³ (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 273,842	\$ 211,219	\$ 135,479	\$ 59,240	\$ (14,575)	\$ (74,903)	\$ (125,407)	\$ (177,415)
6 Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 75,025,282	\$ 57,868,214	\$ 37,117,569	\$ 16,230,172	\$ (3,993,144)	\$ (20,521,391)	\$ (34,358,077)	\$ (48,606,740)	\$ (63,719,523)

¹ Excludes sales from E-36, E-3, and E-4 rate schedules.

² True-up is the result of using estimated revenue for January in the annual PSA Adjustor Rate Calculation because the actual amount was not available at the time of filing that schedule.

³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3
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Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.008000	\$ 0.008000	\$ 0.008000	\$ 0.008000	\$ 0.008000	\$ 0.008000	\$ 0.008000	\$ 0.008000	\$ 0.008000
2 Retail Energy Sales ¹ (kWh)	1,936,737,000	1,836,348,000	1,788,435,000	1,985,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,985,969,000	2,017,608,000	2,133,624,000
3 Beginning Balance	\$ 109,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 73,039,808	\$ 53,385,363	\$ 29,623,804	\$ 5,705,787	\$ (17,453,451)	\$ (36,389,924)	\$ (52,250,499)	\$ (68,582,077)
3.5 Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 15,883,792	\$ 19,921,040	\$ 23,956,416	\$ 24,026,144	\$ 23,180,064	\$ 18,872,768	\$ 15,727,752	\$ 16,140,864	\$ 17,068,992
5 Monthly Interest (line 3 ± line 3.5) ³ (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 266,595	\$ 194,857	\$ 108,127	\$ 20,826	\$ (63,705)	\$ (132,823)	\$ (190,714)	\$ (250,325)
6 Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 73,039,808	\$ 53,385,363	\$ 29,623,804	\$ 5,705,787	\$ (17,453,451)	\$ (36,389,924)	\$ (52,250,499)	\$ (68,582,077)	\$ (85,901,394)

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Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.009000	\$ 0.009000	\$ 0.009000	\$ 0.009000	\$ 0.009000	\$ 0.009000	\$ 0.009000	\$ 0.009000	\$ 0.009000
2 Retail Energy Sales ¹ (kWh)	1,936,737,000	1,836,346,000	1,788,435,000	1,885,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,965,969,000	2,017,608,000	2,133,624,000
3 Beginning Balance	\$ 108,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 71,054,334	\$ 48,902,512	\$ 22,130,038	\$ (4,818,599)	\$ (30,913,759)	\$ (52,258,458)	\$ (70,142,922)	\$ (88,557,416)
3.5 Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 17,869,266	\$ 22,411,170	\$ 26,950,968	\$ 27,029,412	\$ 26,077,572	\$ 21,231,864	\$ 17,693,721	\$ 18,158,472	\$ 19,202,616
5 Monthly Interest (line 3 ± line 3.5) ³ (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 259,348	\$ 178,494	\$ 80,775	\$ (17,588)	\$ (112,835)	\$ (190,743)	\$ (256,022)	\$ (323,235)
6 Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 71,054,334	\$ 48,902,512	\$ 22,130,038	\$ (4,818,599)	\$ (30,913,759)	\$ (52,258,458)	\$ (70,142,922)	\$ (88,557,416)	\$ (108,083,267)

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ARIZONA PUBLIC SERVICE COMPANY
Schedule 3
Annual Adjustor Account
Year February 2006 - January 2007

Line No.	February	March	April	May	June	July	August	September	October	November	December	January
1 PSA Adjustor Rate	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.004000	\$ 0.010000	\$ 0.010000	\$ 0.010000	\$ 0.010000	\$ 0.010000	\$ 0.010000	\$ 0.010000	\$ 0.010000
2 Retail Energy Sales ¹ (kWh)	1,936,737,000	1,836,348,000	1,789,435,000	1,965,474,000	2,490,130,000	2,994,552,000	3,003,268,000	2,897,508,000	2,359,096,000	1,965,969,000	2,017,608,000	2,133,624,000
3 Beginning Balance	\$ 109,723,888	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 69,068,860	\$ 44,419,661	\$ 14,636,273	\$ (15,342,985)	\$ (44,374,067)	\$ (68,126,992)	\$ (88,035,346)	\$ (108,532,755)
3.5 Revenue True-up from January Estimate ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4 Less: Revenue from Adjustor Rate (line 1 * line 2)	\$ 7,746,948	\$ 7,345,392	\$ 7,153,740	\$ 19,854,740	\$ 24,901,300	\$ 29,945,520	\$ 30,032,680	\$ 28,975,080	\$ 23,590,960	\$ 19,659,690	\$ 20,176,080	\$ 21,336,240
5 Monthly Interest (line 3 ± line 3.5) * (4.38%/12) ³	\$ 400,492	\$ 373,678	\$ 348,231	\$ 323,391	\$ 252,101	\$ 162,132	\$ 53,422	\$ (56,002)	\$ (161,965)	\$ (248,664)	\$ (321,329)	\$ (396,145)
6 Ending Balance with Interest (line 3 - line 4 + line 5)	\$ 102,377,432	\$ 95,405,718	\$ 88,600,209	\$ 69,068,860	\$ 44,419,661	\$ 14,636,273	\$ (15,342,985)	\$ (44,374,067)	\$ (68,126,992)	\$ (88,035,346)	\$ (108,532,755)	\$ (130,265,140)

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³ Based on one-year Nominal Treasury Constant Maturities rate contained in the Federal Reserve Statistical Release, H-15.